

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN
FINANCIAL STATEMENTS
JUNE 30, 2008

WOLVERINE COMMUNITY SCHOOLS

JUNE 30, 2008

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WOLVERINE COMMUNITY SCHOOLS

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Wolverine Community Schools
Wolverine, Michigan 49799

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wolverine Community Schools as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wolverine Community Schools, as of June 30, 2008, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2008 on our consideration of Wolverine Community Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education
Wolverine Community Schools
Wolverine, Michigan 49799

The administration's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 26 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Wolverine Community Schools' basic financial statements. The accompanying other pages of supplementary information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Those schedules and statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants
October 27, 2008

Management's Discussion and Analysis

As management of the Wolverine Community School (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$2,612,190 (*net assets*). Of this amount, \$723,515 (*unrestricted net assets*) may be used to meet the District's ongoing obligations, \$103,427 is reserved for debt service, and \$1,785,248 is invested in capital assets net of related debt.
- The District's total net assets increased by \$115,702.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$890,787, an increase of \$68,006 in comparison with the prior year. Approximately 88%, or \$782,782 is *available for spending* at the District's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$786,253 or 22% of total general fund expenditures.
- The District's total debt decreased by \$147,266 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick or vacation leave).

Both of the District-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, support services, food service, athletics and community service. The District has no business-type activities as of and for the year ended June 30, 2008.

The District-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the District-wide financial statements. However, unlike the District-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the District-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the District-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and debt service fund, each of which are considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided for the general fund herein to demonstrate compliance with that budget.

The basic governmental fund financial statements can be found on pages 11-12 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the District-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-24 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining fund statements and schedules can be found on pages 26-27 of this report.

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the Wolverine District, assets exceeded its liabilities by \$2,496,488 at the close of the most recent fiscal year.

By far the largest portion of the District's net assets (68%) reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students it serves; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District's Net Assets

Governmental Activities

	<u>2006-2007</u>	<u>2007-2008</u>
Assets		
Current and Other Assets	\$ 1,595,931	\$ 1,608,976
Capital Assets, Net	<u>3,303,475</u>	<u>3,202,981</u>
Total Assets	<u>4,899,406</u>	<u>4,811,957</u>
Liabilities		
Current Liabilities	933,714	887,829
Long Term Liabilities	<u>1,469,204</u>	<u>1,311,938</u>
Total Liabilities	<u>2,402,918</u>	<u>2,199,767</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,738,848	1,785,248
Restricted	111,427	103,427
Unrestricted	<u>646,213</u>	<u>723,515</u>
Total Net Assets	<u>\$ 2,496,488</u>	<u>\$ 2,612,190</u>

An additional portion of the District's net assets (4%) represents resources that are subject to external restrictions on how they may be used.

The District's net assets increased by \$115,702 during the current fiscal year. Included in the current fiscal year was an increase in the foundation allowance funding by the State of Michigan of \$50 per student, or approximately .7%. The District's blended enrollment is approximately 360 students.

District's Changes in Net Assets

Governmental Activities

	<u>2006-2007</u>	<u>2007-2008</u>
Revenue		
Program Revenue		
Charges for Services	\$ 50,912	\$ 50,203
Operating Grants and Contributions	1,015,025	1,120,667
General Revenue:		
Property Taxes	970,081	1,028,894
State School Aid	1,611,081	1,745,733
Investment Earnings	40,067	23,560
Other	<u>103,130</u>	<u>92,472</u>
Total Revenue	3,790,296	4,061,529
Expenses		
Instruction	2,172,932	2,220,302
Support Services	1,113,326	1,250,963
Food Service	169,842	184,439
Athletics	42,364	47,476
Interest on Long Term Debt	67,815	62,173
Depreciation - unallocated	<u>187,407</u>	<u>180,474</u>
Total Expenses	<u>3,753,686</u>	<u>3,945,827</u>
Increase (Decrease) in Net Assets	36,610	115,702
Net Assets, Beginning of Year	<u>2,459,878</u>	<u>2,496,488</u>
Net Assets, End of Year	\$ <u><u>2,496,488</u></u>	\$ <u><u>2,612,190</u></u>

Governmental activities. Governmental activities increased the District's net assets \$115,702.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$890,787, an increase of \$68,006 in comparison with the prior year. Approximately 88% of this total amount (\$782,782) constitutes *unreserved fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *reserved* and not available for current expenditure.

The general fund is the principal operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$786,253. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance each represent approximately 22% of total general fund expenditures.

The fund balance of the District's general fund increased by \$75,643 during the current fiscal year. This increase is partially attributable to an increase of an increase of 15 pupils in the blended enrollment and cost containment measures.

The food service fund has a total fund balance of \$717, which increased by \$411.

General Fund Budgetary Highlights

Differences between the original and final amended budgets were due to grants awarded after the original budget was adopted. As additional information became known during the fiscal year, budget amendments were made to recognize the additional revenue and/or planned expenditures related to various District programs.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2008, amounted to \$3,202,981 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

The major capital asset events during the current fiscal year were building improvements.

District's Capital Assets

(net of depreciation)

	<u>2006-2007</u>	<u>2007-2008</u>
Land Improvements	\$ 224,979	\$ 167,101
Buildings & Improvements	2,958,639	2,937,763
Vehicles	78,688	62,844
Equipment	<u>41,169</u>	<u>35,273</u>
Total	\$ <u>3,303,475</u>	\$ <u>3,202,981</u>

Additional information on the District's capital assets can be found in note 5 on page 21 of this report.

Long-term debt. The district, as of June 30, 2008, had the following bond issues with outstanding balances.

District's Long-Term Debt

	<u>2006-2007</u>	<u>2007-2008</u>
2005 Bond	\$ 1,640,000	\$ 1,500,000
Energy Bond	30,000	15,000
Compensated Absences	54,577	54,205
Less: Deferred Refunding Amounts	<u>(105,373)</u>	<u>(97,267)</u>
Total	\$ <u>1,619,204</u>	\$ <u>1,471,938</u>

Additional information on the District's long term debt can be found in note 7 on page 22 of this report.

Factors Bearing on the District's Future

The following factors were considered in preparing the District's budget for the 2008-2009 fiscal year:

- The foundation grant allowance used for budgeting was \$7,135, this represents no increase over the 2007-08 school year. The budgeted student enrollment was 358 students, a decrease of 2 students from the 2007-08 school year.
- The district will experience an increase in operating expense for the upcoming school year due to increased labor costs, increased utility costs and general inflationary increases.
- The district is planning on purchasing a new school bus for approximately \$85,000 to be financed over a 3 year period.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Wolverine Community Schools
Superintendent's Office
PO Box 219
Wolverine, MI 49799

WOLVERINE COMMUNITY SCHOOLS
BASIC FINANCIAL STATEMENTS

WOLVERINE COMMUNITY SCHOOLS
DISTRICT WIDE - STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets		
Cash and investments (Note 3)		\$ 1,096,598
Accounts receivable (Note 4)		-
Due from governmental units (Note 4)		507,800
Inventory		4,578
Prepaid expense		-
Total current assets		<u>1,608,976</u>
Noncurrent Assets		
Capital assets (Note 5)		5,935,567
Less: accumulated depreciation		<u>(2,732,586)</u>
Total noncurrent assets		<u>3,202,981</u>
Total assets		<u>\$ 4,811,957</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable		\$ 26,603
Salaries payable		394,515
Accrued interest		9,640
Deferred revenue (Note 4)		297,071
Bonds payable, Due within one year (Note 7)		<u>160,000</u>
Total current liabilities		<u>887,829</u>
Noncurrent Liabilities		
Bonds payable (Note 7)		1,257,733
Compensated absences (Note 7)		<u>54,205</u>
Total noncurrent liabilities		<u>1,311,938</u>
Total Liabilities		<u>2,199,767</u>
Net Assets		
Invested in capital assets, net of related debt		1,785,248
Restricted for debt service		103,427
Unrestricted		<u>723,515</u>
Total Net Assets		<u>2,612,190</u>
Total Liabilities and Net Assets		<u>\$ 4,811,957</u>

See accompanying notes

WOLVERINE COMMUNITY SCHOOLS
DISTRICT WIDE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/programs	Expenses	Program Revenues		Governmental
		Charges for	Operating	Activities
		Services	Grants	Net (Expense)
				Revenue and
				Changes in
				Net Assets
Governmental Activities				
Instruction	\$ 2,220,302	\$ -	\$ 1,002,751	\$ (1,217,551)
Support services	1,250,963	5,175	-	(1,245,788)
Food services	184,439	38,116	117,916	(28,407)
Athletics	47,476	6,912	-	(40,564)
Interest on long term debt	62,173	-	-	(62,173)
Depreciation - unallocated	<u>180,474</u>	<u>-</u>	<u>-</u>	<u>(180,474)</u>
 Total Governmental Activities	 \$ <u>3,945,827</u>	 \$ <u>50,203</u>	 \$ <u>1,120,667</u>	 <u>(2,774,957)</u>
 General Revenues				
Taxes				
Property taxes, levied for general operations				827,594
Property taxes, levied for debt service				201,300
State of Michigan aid, unrestricted				1,745,733
Interest and investment earnings				23,560
Other				<u>92,472</u>
 Total General Revenues				<u>2,890,659</u>
 Change in Net Assets				 115,702
 Net assets - beginning of year				 <u>2,496,488</u>
 Net assets - end of year				 \$ <u><u>2,612,190</u></u>

See accompanying notes

WOLVERINE COMMUNITY SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	GENERAL	2005 DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTALS
<u>ASSETS</u>				
Cash and investments	\$ 988,549	\$ 103,427	\$ 4,622	\$ 1,096,598
Accounts receivable	-	-	-	-
Due from other governmental units	490,034	-	17,766	507,800
Due from other funds	16,580	-	-	16,580
Inventory	-	-	4,578	4,578
Prepaid expense	-	-	-	-
Total Assets	<u>\$ 1,495,163</u>	<u>\$ 103,427</u>	<u>\$ 26,966</u>	<u>\$ 1,625,556</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 25,749	\$ -	\$ 854	\$ 26,603
Accrued salaries and withholdings	386,090	-	8,425	394,515
Due to other funds	-	-	16,580	16,580
Deferred revenue	297,071	-	-	297,071
Total Liabilities	<u>708,910</u>	<u>-</u>	<u>25,859</u>	<u>734,769</u>
<u>FUND BALANCES:</u>				
Reserved for debt retirement	-	103,427	-	103,427
Reserved for inventory	-	-	4,578	4,578
Unreserved and undesignated:				-
General	786,253	-	-	786,253
Food Service	-	-	(3,861)	(3,861)
Athletics	-	-	390	390
Total Fund Balances	<u>786,253</u>	<u>103,427</u>	<u>1,107</u>	<u>890,787</u>
Total Liabilities and Fund Balances	<u>\$ 1,495,163</u>	<u>\$ 103,427</u>	<u>\$ 26,966</u>	<u>\$ 1,625,556</u>
Total Governmental Fund Balances				\$ 890,787
Elimination of due to and due from governmental funds				
Due to				16,580
Due from				(16,580)
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.				
The cost of capital assets is			\$ 5,935,567	
Accumulated depreciation is			<u>(2,732,586)</u>	
				3,202,981
Long term liabilities are not due and payable in the current period and are not reported in the fund				
Bonds payable				(1,417,733)
Compensated absences				(54,205)
Other long term assets not available to pay current period expenditures therefore deferred in funds (Gasb #33)				-
Accrued interest is not included as a liability in governmental funds				(9,640)
Net Assets of Governmental Activities				<u>\$ 2,612,190</u>

See accompanying notes

WOLVERINE COMMUNITY SCHOOLS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL	2005 DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTALS
REVENUES:				
Local sources	\$ 873,065	\$ 205,914	\$ 45,062	\$ 1,124,041
State sources	2,568,260	-	8,009	2,576,269
Federal sources	180,224	-	109,907	290,131
Interdistrict sources	71,088	-	-	71,088
Total Revenues	<u>3,692,637</u>	<u>205,914</u>	<u>162,978</u>	<u>4,061,529</u>
EXPENDITURES:				
Current:				
Instruction	2,220,674	-	-	2,220,674
Support services	1,179,572	-	231,915	1,411,487
Debt service	-	201,786	-	201,786
Capital outlay	79,980	-	-	79,980
Intergovernmental payments	50,916	12,128	-	63,044
Total Expenditures	<u>3,531,142</u>	<u>213,914</u>	<u>231,915</u>	<u>3,976,971</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>161,495</u>	<u>(8,000)</u>	<u>(68,937)</u>	<u>84,558</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in (out)	(69,300)	-	69,300	-
Loan and lease payments	(16,552)	-	-	(16,552)
Total Other Financing Sources (Uses)	<u>(85,852)</u>	<u>-</u>	<u>69,300</u>	<u>(16,552)</u>
NET CHANGES IN FUND BALANCES	75,643	(8,000)	363	68,006
FUND BALANCES - Beginning of year	<u>710,610</u>	<u>111,427</u>	<u>744</u>	<u>822,781</u>
FUND BALANCES - End of year	<u>\$ 786,253</u>	<u>\$ 103,427</u>	<u>\$ 1,107</u>	<u>\$ 890,787</u>

See accompanying notes

WOLVERINE COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	68,006
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Amounts reported for governmental activities are different because:

Government funds report capital outlays as expenditures;
in the statement of activities these costs are allocated
over their estimated useful lives as depreciation.

Depreciation expense	\$	(180,474)
Capital Outlay		<u>79,980</u>

(100,494)

Accrued interest is recorded in the statement of activities
when incurred; it is not reported in governmental
fund until paid

924

Repayments of bond principal is an expenditure in the
governmental funds, but not in the statement of
activities (where it reduces long-term debt)

155,000

Increase in compensated absences are reported as
expenditures when financial resources are used
in the governmental funds

372

Bond issuance costs are expensed when paid in the
governmental funds but deferred and amortized
over the life of the bonds in the government-wide
statements

(8,106)

Change in Net Assets of Governmental Activities	\$	<u><u>115,702</u></u>
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See accompanying notes

WOLVERINE COMMUNITY SCHOOLS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	<u>2008</u>
<u>ASSETS</u>	
Cash	\$ 41,512
Investments	<u>14,921</u>
Total Assets	\$ <u><u>56,433</u></u>
 <u>LIABILITIES & FUND BALANCE</u>	
Liabilities:	
Deposits held for others	\$ <u>41,512</u>
Fund Balance:	
Restricted for endowment	12,250
Restricted for scholarships	<u>2,671</u>
Total Fund Balance	<u>14,921</u>
Total Liabilities	\$ <u><u>56,433</u></u>

See accompanying notes

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Wolverine Community Schools ("the District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the District:

REPORTING ENTITY

The District is governed by an elected seven member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the District's reporting entity, and which organizations are legally separate, component units of the school district. Based on the application criteria, the District does not contain any component units.

DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

The district-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the District's government wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported a separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

(Continued)

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(continued)

Fund Based Statements - Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the District.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the district, except those required to be accounted for in another fund.

The 2005 Debt Service Fund is used to record tax, interest, and other revenue for payment of principal, interest and other expenditures of the 2005 bond issue.

Additionally, the District reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The District maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Athletic Fund.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the government-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The District maintains a Student Activities Fund to record the transactions of student and parent groups school-related purposes. The funds are segregated and held in trust for the students and parents.

The District also maintains scholarship funds as non-expendable trust funds.

(Continued)

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

Property tax and other trade receivable are shown net of an allowance for uncollectible amounts. The taxpayers of the District have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2007 taxable value of the District was \$38,587,604 homestead and \$45,305,545 non-homestead. The District levied 18.00 mills for operating purposes on non-homestead and 2.40 mills for debt service on all property for 2007.

The State of Michigan utilized a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Inventories and Prepaid items - Inventories are valued at cost, on a first-in, first-out basis. Inventory is maintained in the Special Revenue Fund (Food Service Fund). Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$2,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend the asset life are not capitalized. The District does not have infrastructure type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	8 years
Furniture and other equipment	5-20 years

(Continued)

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

Compensated Absences - Collectively bargained agreements provide that employees accumulate sick leave days which, if not used, 15% of the balance is paid upon termination. The amount is recorded as a liability in the government-wide statements. Vacation days are required to be used annually with no allowed.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as other bond expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications - Comparative data is not included in the District's financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the district to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year. During the year the budgets were amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

(Continued)

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information - (continued)

Excess of Expenditures Over Appropriations in Budgeted Funds - The District incurred expenditure variances as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Support services:			
Instructional Staff	\$ 60,081	\$ 62,203	\$ 2,122
General Administration	130,470	131,544	1,074
School Administration	260,187	261,236	1,049
Business	140,753	207,297	66,544
Intergovernmental	42,900	50,916	8,016
Special Revenue:			
Food Service	172,112	184,439	12,327
Athletic	46,067	47,476	1,409

NOTE 3 - DEPOSITS AND INVESTMENTS

At year-end the District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>District Total</u>
Cash and investments	\$ 1,096,498	\$ 56,433	\$ 1,152,931
Total	<u>\$ 1,096,498</u>	<u>\$ 56,433</u>	<u>\$ 1,152,931</u>

The breakdown between deposits and investments for the District is as follows:

Deposits (checking, savings)	\$ 54,068
Investments (investment pool)	1,098,763
	<u>\$ 1,152,831</u>

The total of cash and investments on the Statement of Net Assets includes petty cash of \$100.

As of June 30, 2008 the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Investment pool	\$ 1,098,763	31 days

Interest rate risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; investing operating funds primarily in shorter term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008 the District did not have any investments in commercial paper or corporate bonds.

(Continued)

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Concentration of credit risk

The District will minimize the concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At June 30, 2008 the District's investments were in a pooled investment fund.

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At June 30, 2008, \$-0- of the District's bank balance of \$54,068 was exposed to custodial risk because it was uninsured.

Custodial credit risk - investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District did not have any custodial credit risk on its investments at June 30, 2008. The District will minimize custodial credit risk, which is the loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk

The District is not authorized to invest in investments which have this type of risk.

NOTE 4 - RECEIVABLES

Receivables as of year-end for the District's individual major funds and the nonmajor and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	2005 Debt Service	Nonmajor and Other Funds	Total
Receivables:				
Accounts receivable	\$ -	\$ -	\$ -	\$ -
Intergovernmental	490,034	-	17,766	507,800
Total receivables	<u>\$ 490,034</u>	<u>\$ -</u>	<u>\$ 17,766</u>	<u>\$ 507,800</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grants and categorical aid payment not considered available	\$ -	\$ 297,071
Payments received prior to meeting all eligibility requirements:		
None	-	-
Totals	<u>\$ -</u>	<u>\$ 297,071</u>
Total deferred revenue		<u>\$ 297,071</u>

(Continued)

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the District's Governmental activities were as follows:

<u>Assets</u>	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets being depreciated:				
Land improvements	\$ 1,141,770	\$ -	\$ -	\$ 1,141,770
Buildings & improvements	4,207,874	77,783	-	4,285,657
Buses & vehicles	283,486	-	-	283,486
Furniture & equipment	222,457	2,197	-	224,654
Subtotal	5,855,587	79,980	-	5,935,567
<u>Accumulated Depreciation</u>				
Land improvements	916,791	57,878	-	974,669
Buildings & improvements	1,249,235	98,659	-	1,347,894
Buses & vehicles	204,798	15,844	-	220,642
Furniture & equipment	181,288	8,093	-	189,381
Subtotal	2,552,112	180,474	-	2,732,586
Net capital assets being depreciated	3,303,475	(100,494)	-	3,202,981
Governmental Activities				
Total Capital Assets net of Depreciation	\$ <u>3,303,475</u>	\$ <u>(100,494)</u>	\$ <u>-</u>	\$ <u>3,202,981</u>

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

NOTE 6 - RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 16,580	Other Nonmajor Govern.	\$ 16,580
Total	\$ <u>16,580</u>	Total	\$ <u>16,580</u>

The above interfund balances are the result of routine interfund activity during the year. The balances are expected to be paid during the fiscal year ended June 30, 2009.

<u>Transfer In</u>	<u>Transfer Out</u>	
Other Nonmajor Governmental	General Fund	\$ <u>69,300</u>

(Continued)

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 7 - LONG-TERM DEBT

The District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge full faith and credit of the school district. Other long-term obligations include compensated absences.

Long-term debt activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:				
General Obligation Bonds:				
2005 Issue	\$ 1,640,000	\$ (140,000)	\$ 1,500,000	\$ 145,000
Energy Conservation Bonds	30,000	(15,000)	15,000	15,000
Compensated absences	54,577	(372)	54,205	-
Less: Deferred refunding amounts	<u>(105,373)</u>	<u>8,106</u>	<u>(97,267)</u>	<u>-</u>
Total Governmental Activities	<u>\$ 1,619,204</u>	<u>\$ (147,266)</u>	<u>\$ 1,471,938</u>	<u>\$ 160,000</u>

Annual debt service requirements to maturity for the General Obligation Bonds and Capitalized Lease are as follows:

Year Ended June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 160,000	\$ 57,840	\$ 217,840
2010	145,000	52,000	197,000
2011	150,000	46,925	196,925
2012	160,000	41,675	201,675
2013	165,000	36,075	201,075
2014-2018	485,000	105,330	590,330
2019-2021	<u>250,000</u>	<u>21,635</u>	<u>271,635</u>
Total	<u>\$ 1,515,000</u>	<u>\$ 361,480</u>	<u>\$ 1,876,480</u>

(Continued)

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 7 - LONG-TERM DEBT (continued)

General Obligation Bonds payable at June 30, 2008 are comprised of the following issues:

General obligation bonds:

2005 serial bonds due in annual installments ranging from \$75,000 to \$170,000 through May 1, 2021; interest at rates ranging from 3.50% to 4.30%.	\$ 1,500,000
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Energy Conservation bonds:

1999 serial bonds due in annual installments of \$15,000 through May 1, 2009; interest rates ranging from 5.10% to 5.25%	15,000
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Total bonds	\$ <u>1,515,000</u>
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1993 and 1995 Serial Bonds : On March 31, 2005 the District issued \$1,905,000 in General Obligation Bonds with an average interest rate of 4.018% to advance refund the 1993 Bonds (average interest rate 5.939%) \$1,065,000 and the 1995 Bonds (average interest rate 5.890%) \$945,000. The net proceeds of \$1,799,068 (after payment of issuance costs and sale discount deduction) plus additional amounts of \$142,000 from the 1993 Debt Fund and \$88,000 from the 1995 Debt Fund were used to purchase U.S. Government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments on bond subject to early redemption on May 1, 2005.

The advance refunding reduced the total debt payments over the next 16 years by \$429,562. This results in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$199,562.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District participates in SET-SEG's risk management pools for worker's compensation claims, liability insurance and errors and omissions coverages. SET-SEG was established pursuant to laws of the State of Michigan which authorize local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of SET-SEG is to provide cooperative and comprehensive risk financing and risk control services. SET-SEG provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

WOLVERINE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 8 - RISK MANAGEMENT

The District makes annual contributions to SET-SEG based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the General Fund. Such contributions as received by SET-SEG are allocated between its general and member retention funds. Economic resources in SET-SEG's General Fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the member's self-insurance retention limits along with certain other member-specific costs. Any refunds from SET-SEG are deposited in the District's General Fund.

NOTE 9 - DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS

Plan Description - The District participates in the Michigan Public School Employees' Retirement System (MPERS), a state-wide, cost sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the district. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MPERS at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Funding Policy - Employer contributions to the MPERS result from implementing the effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 17.74% for the period July 1, 2007 through September 30, 2007 and 16.72% for the period October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan (MIP) members contribute at rates ranging from 3% to 4.3% of gross wages. The District's contributions to the MPERS plan for the years ended June 30, 2008, 2007, and 2006 were \$308,153, \$300,746, and \$269,972.

Post Employment Benefits - Under the MPERS Act, all retirees participating in the MPERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equal to the monthly cost for Part B Medicare and 10% of the monthly premium amount for the health, dental and vision coverages. Required contributions for post employment health care benefits are included as part of the District's total contribution to the MPERS pension plan discussed above.

NOTE 10 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is a reimbursing employer to the State of Michigan Unemployment Agency and as such is responsible to pay the Agency for all benefits paid and charged to the District. As of June 30, all known liabilities for claims paid by the Agency are recorded as accounts payable.

REQUIRED SUPPLEMENTAL INFORMATION

WOLVERINE COMMUNITY SCHOOLS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>2008</u>	<u>2008</u>	<u>Budgetary</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Over (Under)</u>
REVENUES				
Local sources	\$ 832,775	\$ 804,775	\$ 873,065	\$ 68,290
State sources	2,341,633	2,833,758	2,568,260	(265,498)
Federal sources	159,268	178,874	180,224	1,350
Interdistrict sources	55,600	72,884	71,088	(1,796)
Total Revenues	<u>3,389,276</u>	<u>3,890,291</u>	<u>3,692,637</u>	<u>(197,654)</u>
EXPENDITURES				
Current:				
Instruction:				
Basic programs	1,717,506	2,042,767	1,737,009	(305,758)
Added needs	531,710	486,529	483,665	(2,864)
Support services:				
Instructional staff	56,363	60,081	62,203	2,122
General administration	130,855	130,470	131,544	1,074
School administration	274,783	260,187	261,236	1,049
Business	138,675	140,753	207,297	66,544
Operation & maintenance	439,473	427,142	426,148	(994)
Transportation	174,244	178,800	171,124	(7,676)
Other support services	-	-	-	-
Intergovernmental	12,750	42,900	50,916	8,016
Total Expenditures	<u>3,476,359</u>	<u>3,769,629</u>	<u>3,531,142</u>	<u>(238,487)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	-	-	-
Outgoing transfers & other transactions	<u>(79,553)</u>	<u>(90,053)</u>	<u>(85,852)</u>	<u>(4,201)</u>
Total Other Financing Sources (Uses)	<u>(79,553)</u>	<u>(90,053)</u>	<u>(85,852)</u>	<u>(4,201)</u>
Excess of Revenues over (under)				
Expenditures and Other Financing Sources (Uses)	(166,636)	30,609	75,643	45,034
Budgetary fund balance - July 1, 2007	<u>663,876</u>	<u>710,610</u>	<u>710,610</u>	<u>-</u>
Budgetary fund balance - June 30, 2008	<u>\$ 497,240</u>	<u>\$ 741,219</u>	<u>\$ 786,253</u>	<u>\$ 45,034</u>

OTHER SUPPLEMENTAL INFORMATION

WOLVERINE COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Nonmajor Special Revenue Funds		Nonmajor Governmental Funds
	Food Service	Athletics	Total
<u>ASSETS</u>			
Cash and investments	\$ 845	\$ 3,777	\$ 4,622
Accounts receivable	-	-	-
Due from other governmental units	17,766	-	17,766
Inventory	4,578	-	4,578
Total Assets	<u>\$ 23,189</u>	<u>\$ 3,777</u>	<u>\$ 26,966</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 854	\$ -	\$ 854
Accrued salaries	8,425	-	8,425
Due to other funds	13,193	3,387	16,580
Deferred revenue	-	-	-
Total Liabilities	<u>22,472</u>	<u>3,387</u>	<u>25,859</u>
Fund Balances:			
Reserved for inventory	4,578	-	4,578
Unreserved and undesignated	<u>(3,861)</u>	<u>390</u>	<u>(3,471)</u>
Total Fund Balance	<u>717</u>	<u>390</u>	<u>1,107</u>
Total Liabilities and Fund Balances	<u>\$ 23,189</u>	<u>\$ 3,777</u>	<u>\$ 26,966</u>

WOLVERINE COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds		Nonmajor Governmental Funds
	Food Service	Athletics	Total
REVENUES			
Local sources	\$ 38,134	\$ 6,928	\$ 45,062
State sources	8,009	-	8,009
Federal sources	109,907	-	109,907
Total Revenues	156,050	6,928	162,978
EXPENDITURES:			
Current operations:			
Food service	184,439	-	184,439
Athletics	-	47,476	47,476
Capital outlay	-	-	-
Total Expenditures	184,439	47,476	231,915
Excess (Deficiency) of Revenues over Expenditures	(28,389)	(40,548)	(68,937)
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	28,800	40,500	69,300
Total Other Financing Sources (Uses)	28,800	40,500	69,300
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	411	(48)	363
Fund Balance - Beginning of Year	306	438	744
Fund Balance - End of Year	\$ 717	\$ 390	\$ 1,107

WOLVERINE COMMUNITY SCHOOLS
GENERAL FUND
COMPARATIVE DETAILS OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
REVENUES		
Local Sources:		
Property taxes	\$ 827,594	\$ 766,089
Earnings on investments	18,912	34,310
Other local revenue	<u>26,559</u>	<u>38,963</u>
Total Local Sources	<u>873,065</u>	<u>839,362</u>
State Sources:		
Unrestricted:		
State Aid	1,745,733	1,611,081
Restricted:		
At Risk	117,975	138,176
Special education	91,905	83,399
Class size implementation	551,138	442,458
Nonplaintiff Durant	1,018	1,018
Golden apple	5,998	2,502
School readiness	53,623	42,392
Other grants	<u>870</u>	<u>4,409</u>
Total State Sources	<u>2,568,260</u>	<u>2,325,435</u>
Federal Sources:		
Grants - Restricted:		
Received direct:		
REAP	6,813	5,848
Received through State:		
Title V	1,205	6,029
Title I	136,541	125,041
Title II	33,489	33,061
Other	-	-
Received through ISD:		
Other	<u>2,176</u>	<u>15,902</u>
Total Federal Sources	<u>180,224</u>	<u>185,881</u>
Interdistrict Sources:		
Special Education millage	71,088	69,237
Other	<u>-</u>	<u>105</u>
	<u>71,088</u>	<u>69,342</u>
TOTAL REVENUES	<u>3,692,637</u>	<u>3,420,020</u>
OTHER FINANCING SOURCES:		
Capitalized lease proceeds	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>
TOTAL REVENUE AND OTHER FINANCING SOURCES	<u>\$ 3,692,637</u>	<u>\$ 3,420,020</u>

WOLVERINE COMMUNITY SCHOOLS
GENERAL FUND
COMPARATIVE DETAILS OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
INSTRUCTION:		
Basic Programs:		
Elementary		
Salaries	\$ 733,462	\$ 645,813
Employee Benefits	408,515	354,202
Purchased Services	10,911	11,758
Supplies & Materials	22,189	75,964
Capital Outlay	-	4,950
Other Expenses	624	338
Total Elementary	<u>1,175,701</u>	<u>1,093,025</u>
Middle School:		
Salaries	120,957	144,977
Employee Benefits	56,177	83,759
Purchased Services	1,078	2,348
Supplies & Materials	2,054	2,963
Capital Outlay	-	-
Other Expenses	1,731	860
Total Middle School	<u>181,997</u>	<u>234,907</u>
High School:		
Salaries	199,463	187,362
Employee Benefits	103,257	105,679
Purchased Services	6,355	8,155
Supplies & Materials	14,251	9,587
Capital Outlay	-	-
Other Expenses	2,361	1,717
Total High School	<u>325,687</u>	<u>312,500</u>
Preschool:		
Salaries	26,344	25,642
Employee Benefits	22,612	13,933
Purchased Services	1,780	973
Supplies & Materials	2,813	1,844
Capital Outlay	-	-
Other Expenses	75	-
Total High School	<u>53,624</u>	<u>42,392</u>
 TOTAL BASIC PROGRAMS	 <u>1,737,009</u>	 <u>1,682,824</u>

WOLVERINE COMMUNITY SCHOOLS
GENERAL FUND
COMPARATIVE DETAILS OF EXPENDITURES AND OTHER FINANCING USES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
INSTRUCTION (Continued):		
Added Needs:		
Special Education		
Salaries	\$ 128,602	\$ 111,876
Employee Benefits	81,118	76,578
Purchased Services	3,487	4,935
Supplies & Materials	5,026	2,562
Other Expenses	50	200
Total Special Education	<u>218,283</u>	<u>196,151</u>
Compensatory Education:		
Salaries	140,696	150,664
Employee Benefits	76,109	87,522
Purchased Services	37,732	34,613
Supplies & Materials	4,032	5,452
Total Compensatory Education	<u>258,569</u>	<u>278,251</u>
Vocational Education:		
Salaries	5,478	4,664
Employee Benefits	1,335	1,184
Other Expenses	-	-
Total Vocational Education	<u>6,813</u>	<u>5,848</u>
 TOTAL ADDED NEEDS	 <u>483,665</u>	 <u>480,250</u>
 TOTAL INSTRUCTION	 <u>2,220,674</u>	 <u>2,163,074</u>

WOLVERINE COMMUNITY SCHOOLS
GENERAL FUND
COMPARATIVE DETAILS OF EXPENDITURES AND OTHER FINANCING USES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
SUPPORTING SERVICES:		
Instructional Staff:		
Library:		
Supplies & Materials	\$ 286	\$ 547
Other Expenses	-	-
Total Library	<u>286</u>	<u>547</u>
Other Instructional Staff:		
Salaries	24,919	23,695
Employee Benefits	12,604	11,943
Purchased Services	24,283	23,076
Supplies & Materials	111	34
Capital Outlay	-	-
Other Expenses	-	-
Total Other Instructional Staff	<u>61,917</u>	<u>58,748</u>
TOTAL INSTRUCTIONAL STAFF	<u>62,203</u>	<u>59,295</u>
GENERAL ADMINISTRATION:		
Board of Education:		
Salaries	6,300	7,100
Purchased Services	18,472	22,852
Supplies & Materials	-	-
Other Expenses	1,911	1,750
Total Board of Education	<u>26,683</u>	<u>31,702</u>
Executive Administration:		
Salaries	69,172	63,056
Employee Benefits	30,545	30,271
Purchased Services	2,571	2,288
Supplies & Materials	820	1,268
Other Expenses	1,753	1,133
Total Executive Administration	<u>104,861</u>	<u>98,016</u>
TOTAL GENERAL ADMINISTRATION	<u>131,544</u>	<u>129,718</u>

WOLVERINE COMMUNITY SCHOOLS
GENERAL FUND
COMPARATIVE DETAILS OF EXPENDITURES AND OTHER FINANCING USES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
SUPPORTING SERVICES (Continued):		
School Administration:		
Salaries	\$ 163,569	\$ 169,774
Employee Benefits	93,118	94,687
Purchased Services	205	579
Supplies & Materials	3,664	5,199
Other Expenses	680	550
TOTAL SCHOOL ADMINISTRATION	<u>261,236</u>	<u>270,789</u>
Business:		
Fiscal Services:		
Salaries	61,659	62,867
Employee Benefits	45,209	41,271
Purchased Services	4,710	10,950
Supplies & Materials	536	1,526
Capital Outlay	-	-
Other Expenses	1,864	1,607
Total Fiscal Services	<u>113,978</u>	<u>118,221</u>
Other Business Services:		
Purchased Services	15,130	20,154
Interest Expense	-	-
Supplies & Materials	-	-
Capital Outlay	-	-
Other Expenses	78,189	8,825
Total Other Business Services	<u>93,319</u>	<u>28,979</u>
TOTAL BUSINESS	<u>207,297</u>	<u>147,200</u>
Operation & Maintenance:		
Salaries	86,418	86,804
Employee Benefits	65,845	64,366
Purchased Services	61,321	44,778
Supplies & Materials	132,533	120,312
Capital Outlay	79,980	23,603
Other Expenses	51	81
TOTAL OPERATION & MAINTENANCE	<u>426,148</u>	<u>339,944</u>

WOLVERINE COMMUNITY SCHOOLS
GENERAL FUND
COMPARATIVE DETAILS OF EXPENDITURES AND OTHER FINANCING USES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
SUPPORTING SERVICES (Continued):		
Pupil Transportation:		
Salaries	\$ 62,251	\$ 53,069
Employee Benefits	38,778	53,613
Purchased Services	36,404	38,394
Supplies & Materials	32,823	20,218
Capital outlay	-	-
Other Expenses	868	852
TOTAL PUPIL TRANSPORTATION	<u>171,124</u>	<u>166,146</u>
Other Support Services:		
Purchased Services	-	-
Supplies & Materials	-	-
TOTAL OTHER SUPPORT SERVICES	<u>-</u>	<u>-</u>
TOTAL SUPPORTING SERVICES	<u>1,259,552</u>	<u>1,113,092</u>
INTERGOVERNMENTAL EXPENDITURES	<u>50,916</u>	<u>15,489</u>
TOTAL CURRENT OPERATING EXPENDITURES	<u>3,531,142</u>	<u>3,291,655</u>
OTHER FINANCING USES:		
Operating Transfers:		
Athletic Fund	40,500	34,500
Food Service Fund	28,800	17,000
Loan Payments	16,552	17,340
Vehicle Lease	-	17,387
Total Other Financing Uses	<u>85,852</u>	<u>86,227</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 3,616,994</u>	<u>\$ 3,377,882</u>

WOLVERINE COMMUNITY SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	<u>FOOD SERVICE</u>	<u>ATHLETIC</u>	<u>TOTALS</u>	
			<u>2008</u>	<u>2007</u>
<u>ASSETS</u>				
Cash	\$ 845	\$ 3,777	\$ 4,622	\$ 9,259
Accounts receivable	-	-	-	-
Due from other governmental units	17,766	-	17,766	15,556
Inventory	<u>4,578</u>	<u>-</u>	<u>4,578</u>	<u>4,234</u>
Total Assets	\$ <u><u>23,189</u></u>	\$ <u><u>3,777</u></u>	\$ <u><u>26,966</u></u>	\$ <u><u>29,049</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accrued salaries	\$ 8,425	\$ -	\$ 8,425	\$ 7,598
Accounts payable	854	-	854	24
Due to other funds	13,193	3,387	16,580	20,683
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>22,472</u>	<u>3,387</u>	<u>25,859</u>	<u>28,305</u>
 Fund Balance				
Reserved for inventory	4,578	-	4,578	4,234
Unreserved	<u>(3,861)</u>	<u>390</u>	<u>(3,471)</u>	<u>(3,490)</u>
Total Fund Balance	<u>717</u>	<u>390</u>	<u>1,107</u>	<u>744</u>
 Total Liabilities and Fund Balance	 \$ <u><u>23,189</u></u>	 \$ <u><u>3,777</u></u>	 \$ <u><u>26,966</u></u>	 \$ <u><u>29,049</u></u>

WOLVERINE COMMUNITY SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	<u>FOOD SERVICE</u>	<u>ATHLETIC</u>	<u>TOTALS</u>	<u>TOTALS</u>
			<u>2008</u>	<u>2007</u>
<u>REVENUES</u>				
Revenue from Local Sources:				
Food Service	\$ 38,134	\$ -	\$ 38,134	\$ 37,808
Athletics	-	6,928	6,928	7,960
State Aid	8,009	-	8,009	8,393
Federal Aid	<u>109,907</u>	<u>-</u>	<u>109,907</u>	<u>106,397</u>
Total Revenues	<u>156,050</u>	<u>6,928</u>	<u>162,978</u>	<u>160,558</u>
<u>EXPENDITURES:</u>				
Food Services	62,261	-	62,261	55,789
Athletic Activities	-	11,409	11,409	9,203
Salaries	61,009	29,000	90,009	82,609
Employee Benefits	61,169	7,067	68,236	64,605
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>184,439</u>	<u>47,476</u>	<u>231,915</u>	<u>212,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,389)	(40,548)	(68,937)	(51,648)
OTHER FINANCING SOURCES (USES):				
Operating Transfer from General Fund	<u>28,800</u>	<u>40,500</u>	<u>69,300</u>	<u>51,500</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	411	(48)	363	(148)
Fund Balance - Beginning of Year	<u>306</u>	<u>438</u>	<u>744</u>	<u>892</u>
Fund Balance - End of Year	\$ <u><u>717</u></u>	\$ <u><u>390</u></u>	\$ <u><u>1,107</u></u>	\$ <u><u>744</u></u>

WOLVERINE COMMUNITY SCHOOLS
TRUST AND AGENCY FUND
COMBINING BALANCE SHEET
JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	<u>Non-Expendable Trust Funds</u>			
	<u>Clough Trust</u>	<u>Sanford Trust</u>	<u>Burr Trust</u>	<u>Agency Funds</u>
<u>ASSETS</u>				
Cash	\$ -	\$ -	\$ -	\$ 41,512
Investments	<u>7,925</u>	<u>5,962</u>	<u>1,034</u>	<u>-</u>
Total Assets	\$ <u><u>7,925</u></u>	\$ <u><u>5,962</u></u>	\$ <u><u>1,034</u></u>	\$ <u><u>41,512</u></u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Deposits held for others	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>41,512</u>
Fund Balance:				
Restricted for endowment	6,000	4,750	1,500	-
Restricted for scholarships	<u>1,925</u>	<u>1,212</u>	<u>(466)</u>	<u>-</u>
Total Fund Balance	<u>7,925</u>	<u>5,962</u>	<u>1,034</u>	<u>-</u>
Total Liabilities Fund Balance	\$ <u><u>7,925</u></u>	\$ <u><u>5,962</u></u>	\$ <u><u>1,034</u></u>	\$ <u><u>41,512</u></u>

Totals	
2008	2007
\$ 41,512	\$ 46,612
<u>14,921</u>	<u>14,757</u>
\$ <u><u>56,433</u></u>	\$ <u><u>61,369</u></u>

\$ <u>41,512</u>	\$ <u>46,612</u>
------------------	------------------

12,250	12,250
<u>2,671</u>	<u>2,507</u>
<u>14,921</u>	<u>14,757</u>
\$ <u><u>56,433</u></u>	\$ <u><u>61,369</u></u>

WOLVERINE COMMUNITY SCHOOLS
NON-EXPENDABLE TRUST FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

				<u>Totals</u>	
	<u>Clough Trust</u>	<u>Sanford Trust</u>	<u>Burr Trust</u>	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>					
Interest	\$ 249	\$ 183	\$ 32	\$ 464	\$ 705
 <u>EXPENSES</u>					
Scholarships	<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>400</u>
NET EARNINGS	(51)	183	32	164	305
CAPITAL CONTRIBUTIONS	-	-	-	-	-
TRANSFERS IN (OUT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
RETAINED EARNINGS - Beginning of Year	<u>7,976</u>	<u>5,779</u>	<u>1,002</u>	<u>14,757</u>	<u>14,452</u>
RETAINED EARNINGS - End of Year	\$ <u><u>7,925</u></u>	\$ <u><u>5,962</u></u>	\$ <u><u>1,034</u></u>	\$ <u><u>14,921</u></u>	\$ <u><u>14,757</u></u>

WOLVERINE COMMUNITY SCHOOLS
NON-EXPENDABLE TRUST FUNDS
COMBINING SCHEDULES OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	Clough Trust	Sanford Trust	Burr Trust	<u>Totals</u>	
				<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (Loss)	\$ (51)	\$ 183	\$ 32	\$ 164	\$ 305
Adjustments to reconcile net income to net cash flows from operating activities					
Interest income	<u>(249)</u>	<u>(183)</u>	<u>(32)</u>	<u>(464)</u>	<u>(705)</u>
Net cash used by operating activities	(300)	-	-	(300)	(400)
CASH FLOWS FROM NON- CAPITAL FINANCING ACTIVITIES					
Capital contributions received	-	-	-	-	-
Capital transferred out	-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income	<u>249</u>	<u>183</u>	<u>32</u>	<u>464</u>	<u>705</u>
NET INCREASE (DECREASE) IN CASH	(51)	183	32	164	305
CASH - Beginning of year	<u>7,976</u>	<u>5,779</u>	<u>1,002</u>	<u>14,757</u>	<u>14,452</u>
CASH - End of year	\$ <u><u>7,925</u></u>	\$ <u><u>5,962</u></u>	\$ <u><u>1,034</u></u>	\$ <u><u>14,921</u></u>	\$ <u><u>14,757</u></u>

WOLVERINE COMMUNITY SCHOOLS
ALL AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>ASSETS</u>				
Cash	\$ <u>46,612</u>	\$ <u>106,968</u>	\$ <u>112,068</u>	\$ <u>41,512</u>
	\$ <u><u>46,612</u></u>	\$ <u><u>106,968</u></u>	\$ <u><u>112,068</u></u>	\$ <u><u>41,512</u></u>
<u>LIABILITIES</u>				
Due to student groups	\$ <u>46,612</u>	\$ <u>106,968</u>	\$ <u>112,068</u>	\$ <u>41,512</u>
	\$ <u><u>46,612</u></u>	\$ <u><u>106,968</u></u>	\$ <u><u>112,068</u></u>	\$ <u><u>41,512</u></u>

WOLVERINE COMMUNITY SCHOOLS
TRUST AND AGENCY FUND - SCHOOL ACTIVITIES
STATEMENT OF CHANGES IN DEPOSITS HELD FOR OTHERS
FOR THE YEAR ENDED JUNE 30, 2008

Class of:	Balances July 1, 2007	Revenues	Expenditures	Balances June 30, 2008
2013	\$ -	\$ 1,291	\$ 1,069	\$ 222
2012	492	1,229	1,025	696
2011	600	740	617	723
2010	1,378	756	100	2,034
2009	358	1,933	710	1,581
2008	2,069	512	2,581	-
2007	253	-	253	-
Alumni	3,650	-	-	3,650
General	2,953	23,032	26,789	(804)
Elementary Fundraiser	6,925	19,262	18,420	7,767
Camp	-	3,520	3,520	-
Lansing Trip	403	8,975	9,097	281
Greenfield Village	-	10,586	10,479	107
Band	174	-	-	174
Yearbook	3,084	9,917	10,634	2,367
School Store	423	304	295	432
Sound System	600	-	-	600
Swimming	(22)	1,440	1,037	381
Playground	1,476	-	-	1,476
Student Council	(61)	941	812	68
M.S. Student Council	108	-	-	108
Paper Account	494	-	-	494
Announcements	133	21	21	133
Environmental Club	350	-	-	350
Elementary Book Fair/PTO	450	1,479	815	1,114
Cheerleading	250	400	400	250
Athletics	351	-	351	-
French Club	372	-	-	372
Home Economics	33	-	-	33
Elementary/Middle				
School Library	1,033	-	335	698
National Honor Society	632	1,867	1,874	625
Close-Up	625	-	-	625
School Forest	2,608	-	-	2,608
WCS Fundraiser	2,637	1,313	1,945	2,005
School Improvement	10,156	8,938	14,337	4,757
C.O.A.T.S.	787	-	-	787
Walking Club	147	-	-	147
Boy's Basketball	276	1,865	2,479	(338)
Clothing Fund	415	1,000	1,426	(11)
Baseball	-	1,160	647	513
Archery Fund	-	300	-	300
Golf	-	1,587	-	1,587
Young Family Grant	-	2,600	-	2,600
	\$ <u>46,612</u>	\$ <u>106,968</u>	\$ <u>112,068</u>	\$ <u>41,512</u>

WOLVERINE COMMUNITY SCHOOLS
SCHEDULE OF OUTSTANDING BONDED INDEBTEDNESS
JUNE 30, 2008

DATE OF ISSUE - MARCH 30, 2005

Original amount of issue - \$ 1,905,000

Purpose of issue - Refunding of certain prior outstanding obligations (1993 bonds and 1995 bonds) of the Wolverine Community Schools.

Early Redemption - Bonds maturing in the years 2015 through 2021 inclusive are subject to redemption prior to maturity, at the option of the school district, in such order as the School District may determine and by lot within any maturity, on the first day of any month on or after May 1, 2014, at par and accrued interest to the date fixed for redemption.

Interest Rate	Fiscal Year	Semi - annual Interest Payments		Annual Maturity May 1	Total Fiscal Year Requirements
		Nov 1	May 1		
3.50%	2008-09	\$ 28,537	\$ 28,538	\$ 145,000	\$ 202,075
3.50%	2009-10	26,000	26,000	145,000	197,000
3.50%	2010-11	23,463	23,462	150,000	196,925
3.50%	2011-12	20,837	20,838	160,000	201,675
3.70%	2012-13	18,038	18,037	165,000	201,075
3.80%	2013-14	14,985	14,985	170,000	199,970
4.00%	2014-15	11,755	11,755	75,000	98,510
4.00%	2015-16	10,255	10,255	80,000	100,510
4.10%	2016-17	8,655	8,655	80,000	97,310
4.20%	2017-18	7,015	7,015	80,000	94,030
4.20%	2018-19	5,335	5,335	80,000	90,670
4.30%	2019-20	3,655	3,655	85,000	92,310
4.30%	2020-21	1,828	1,827	85,000	88,655
		<u>\$ 180,358</u>	<u>\$ 180,357</u>	<u>\$ 1,500,000</u>	<u>\$ 1,860,715</u>

WOLVERINE COMMUNITY SCHOOLS
SCHEDULE OF OUTSTANDING BONDED INDEBTEDNESS
JUNE 30, 2008

DATE OF ISSUE - JULY 1, 1999

Original amount of issue - \$ 125,000

Purpose of issue - Finance energy conservation improvements to the facilities and the cost of issuance.

Type of issue - Limited tax, serial bonds with the debt service being paid for from ad valorem taxes levied in the General Fund.

Early Redemption - Bonds of this issue are not subject to redemption prior to maturity

<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Semi - annual Interest Payments</u>		<u>Annual Maturity May 1</u>	<u>Total Fiscal Year Requirements</u>
		<u>Nov 1</u>	<u>May 1</u>		
5.100%	2008-09	\$ 383	\$ 382	\$ 15,000	\$ 15,765

APPENDICE



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Wolverine Community Schools
Wolverine, Michigan 49799

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wolverine Community Schools as of and for the year ended June 30, 2008, which collectively comprise Wolverine Community Schools' basic financial statements and have issued our report thereon dated October 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wolverine Community Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wolverine Community Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Education
Wolverine Community Schools
Wolverine, Michigan 49799

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wolverine Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants
October 27, 2008



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

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October 27, 2008

To the Board of Education
Wolverine Community Schools
P.O. Box 219
Wolverine, Michigan 49799-0219

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wolverine Community Schools for the year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 1, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 31, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wolverine Community Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the net book value of fixed assets is based on estimated depreciation lives. We evaluated the key factors and assumptions used to develop the depreciation lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 20, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Education and management of Wolverine Community Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants